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Submitted by: Vic Date: 12/24/87

Authorized by: Vic Project Code: EQAD

WORK SPECIFICATIONS:

Date of Presentation: 1/15/87 Final Copy Required: 1/7/87 – Hardcopy 1/12/87 slides

☒ 35 mm Slides ☐ Questionnaire ☐ News Release

☐ Foils ☐ Repetitive Letters ☐ Newsletter

☐ Exhibits ☐ Business Cards ☐ Note Paper

☐ Cover Design ☐ Form: _____

☑ Other: Hardcopy for assembly in presentation book

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DESCRIPTION: EDI Software Slides

PROJECT CODE: EQAD DATE: 12/24/87

AUTHOR: VIC

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FINAL Q.C.

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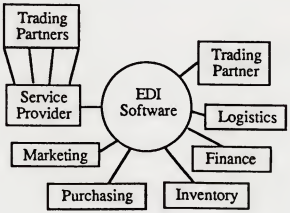
☐ READY FOR PRINTER

EDI SOFTWARE IS THE CORE OF THE SYSTEM



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NOTES:

EQAD-1

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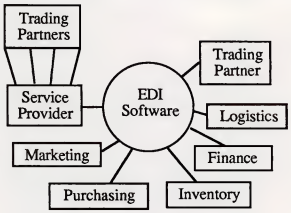
EDI SOFTWARE IS THE CORE OF THE SYSTEM



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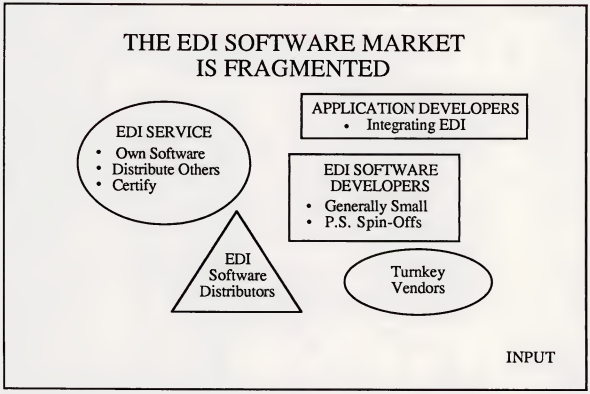

NOTES:

EQAD-2

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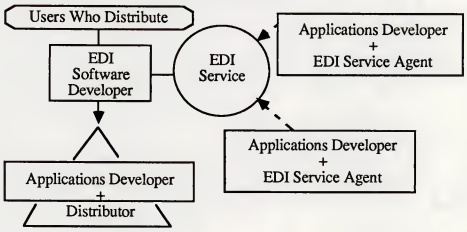
PARTICIPANTS ARE FORMING ALLIANCES



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NOTES:

EQAD-3

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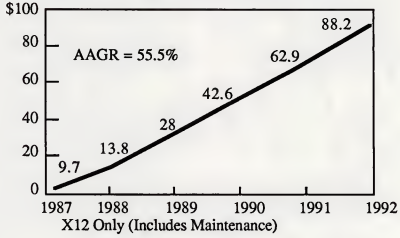
EDI SOFTWARE -
AN $88 MILLION MARKET BY 1992



X12 Only (Includes Maintenance)

INPUT

NOTES:

EQAD-4

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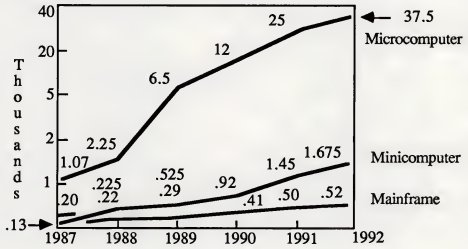
EDI SOFTWARE FORECAST - UNITS SOLD X12 ONLY



INPUT

NOTES:

EQAD-5

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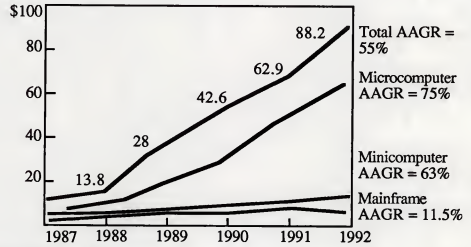
EDI SOFTWARE FORECAST - USER EXPENDITURES X12 ONLY



Includes Maintenance.

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NOTES:

EQAD-6

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EDI SOFTWARE MARKET CONCLUSIONS

- A Fragmented Market
- Major Vendors Missing
- Alliance Formation - Experimental Relationships
- Missionary Selling Needed
- Integrated Solutions - The Wave of the Future

INPUT

NOTES:

EQAD-7

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SOFTWARE VENDOR RECOMMENDATIONS

- Offer a Full Line of Solutions
- Develop Alliances
- Enhance Products
  - Data Bases
  - EFT
  - Electronic Forms
  - Integrated Applications

INPUT

NOTES:

EQAD-8

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SOFTWARE VENDOR RECOMMENDATIONS

(Cont.)

- Investigating Non-IBM Solutions
  - e.g., Macintosh
- Develop Professional Services Capability

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NOTES:

EQAD-9

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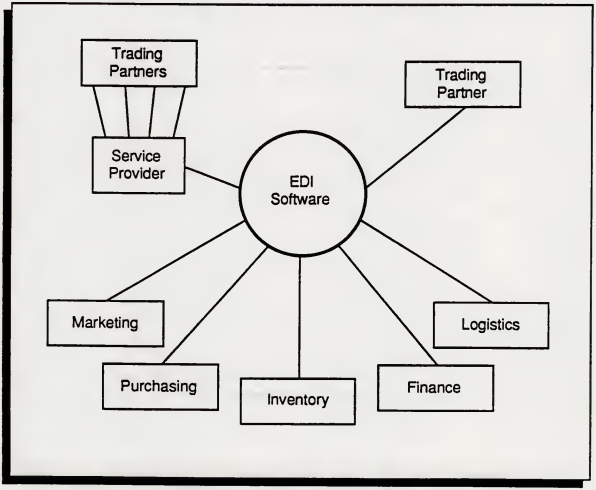
EXHIBIT II-1

EDI SOFTWARE IS THE CORE OF THE SYSTEM



B

The EDI Software Market Is Fragmented

The EDI software market consists of generally small, independent firms; EDI network service providers which either distribute software from others or sell their own packages; applications software vendors who have added EDI functionality to their existing software; and distributors.

Some independent firms were formed from professional service vendors who have focused on specific markets. Now they are seeking to apply their EDI product development to broader markets.

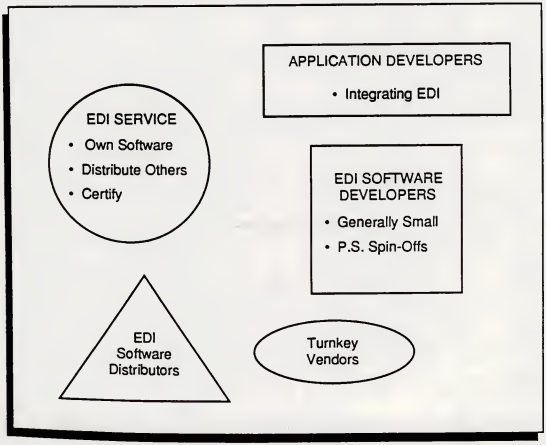
To date, only one major applications vendor (MSA) is offering EDI software, and that package is being licensed from another supplier for integration with MSA's Expert series.

With the exception of IBM, which is distributing software from other vendors in association with its EDI network service, and Control Data, which is offering its own microcomputer software through its EDI service, none of the major computer manufacturers is currently offering EDI software.

One of the third-party service providers (McDonnell Douglas) has abandoned selling software and now certifies other vendors' products for use on the network.

EXHIBIT II-2

THE EDI SOFTWARE MARKET IS FRAGMENTED



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Only a few specialized turnkey systems vendors have EDI software offerings.

This fragmentation and the early state of the market mean there are no clear market leaders. It also means an opportunity for vendors to gain market share.

C

Participants Are Forming Alliances

EDI market participants are forming experimental alliances to share the risks associated with an early market.

- General Electric Information Services has agreements with several software vendors as exclusive EDI service agents in their target markets. Agreements have been signed in the automotive and apparel industries, with the agents sharing network revenues generated by their accounts.

EXHIBIT II-3

PARTICIPANTS ARE FORMING ALLIANCES

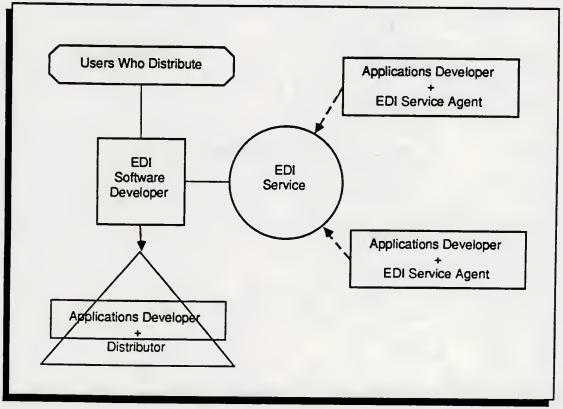

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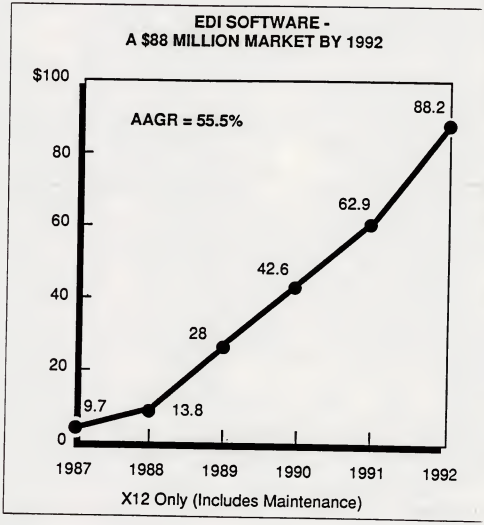
EXHIBIT II-4



E

EDI Software Recommendations/ Conclusions

While Information Services (IS) managers are becoming more aware of EDI, they currently rate their knowledge only moderately. Accordingly, both users and vendors need to educate not only IS, but corporate management to the benefits offered by EDI: cost savings, improved customer service, enhanced management control, and others.

INPUT's recommendations and conclusions are summarized in Exhibit II-5.

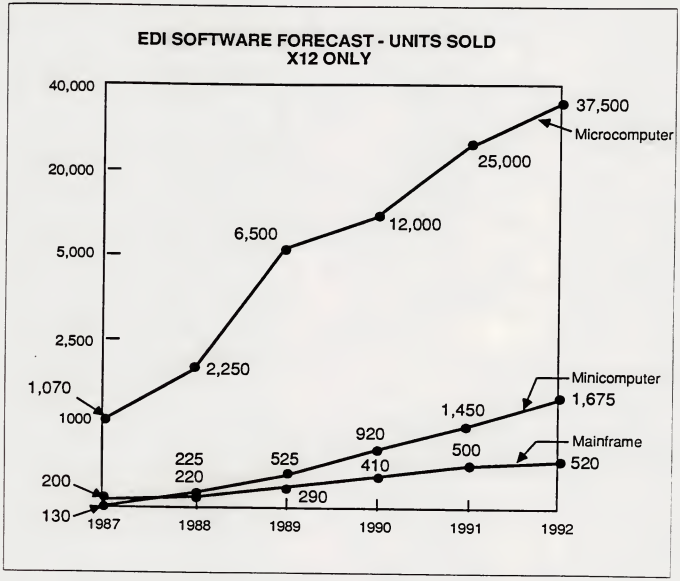
While users may tend to wait for EDI software prices to come down, INPUT recommends early implementation to realize the benefits possible. Savings gained will likely be greater than the cost differential

C

The EDI Software Market Forecast - Units Sold

Exhibit V-2 shows the forecast number of units sold for each computer platform (micro, mini, and mainframe) and the total number of installations forecast.

EXHIBIT V-2



The substantial growth shown in microcomputer software is based on INPUT's analysis that large numbers of smaller companies will adopt EDI to satisfy the conditions of doing business imposed by larger trading partners. Further,

- Many small companies will not have requirements for larger processors.

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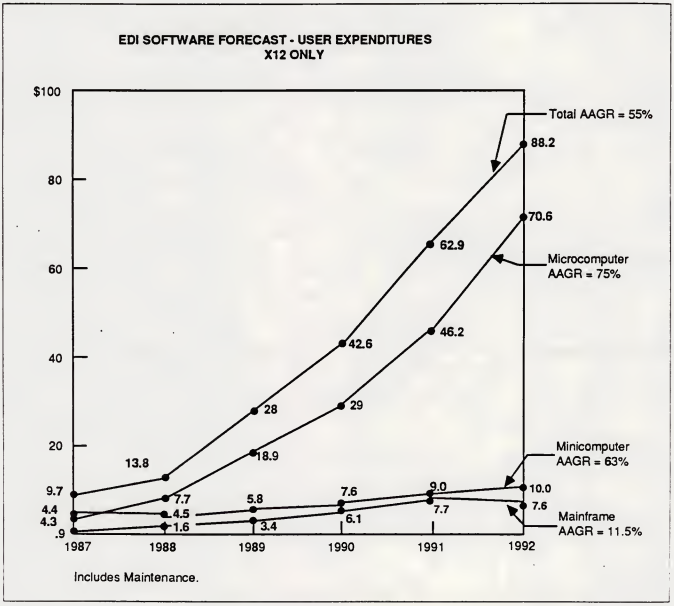
- Some companies wish to isolate their mainframes from telecommunications access for security reasons.
- Micros are becoming more powerful and more able to handle the transaction volumes required by most users.

D

The EDI Software Market Forecast - User Expenditures

Exhibit V-3 shows the user expenditure forecast for each computer type and the total.

EXHIBIT V-3



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retype

- These reasons will be associated with clearly demonstrated cost and competitive benefits and large companies requiring their trading partners to adopt EDI.

Key conclusions about the EDI software market are shown on Exhibit V-2.

EXHIBIT VI-2

EDI SOFTWARE MARKET CONCLUSIONS

- A Fragmented Market
- Major Vendors Missing
- Alliance Formation - Experimental Relationships
- Missionary Selling Needed
- Integrated Solutions - The Wave of the Future

G

Central Recommendation

INPUT's central recommendation is linked to the finding of only moderate awareness of EDI by IS professionals.

This indicates a need to better promote EDI as a strategically important tool applicable to a range of industries and functions, improving company operations while reducing costs and increasing competitiveness.

Accordingly, INPUT recommends that users and vendors adopt an EDI symbol for cross-industry use, to identify companies using the method (shown in Exhibit VI-3). Promotional use of such as symbol on letterhead and, in advertising and marketing literature will enhance corporate imagery while creating more EDI awareness.

H

User Recommendations

Because of the range of options available to users, and because EDI will affect various corporate functions, the first step should be to form an EDI task force with broad company representation to work across departmental lines and avoid internal jurisdictional problems.

- The task force should educate management on EDI's benefits and request a funds allocation to its development.

EXHIBIT VI-5

SOFTWARE VENDOR RECOMMENDATIONS

- Offer a Full Line of Solutions
- Develop Alliances
- Enhance Products
  - Data Bases
  - EFT
  - Electronic Forms
  - Integrated Applications
- Investigate Non-IBM Solutions
  - eg., Macintosh
- Develop Professional Services Capability

- Since several of these firms offer timeshared access to their applications, it may be possible to consolidate EDI traffic through their remote computing facilities to trading partners or to third-party service providers as a service broker.

- Partnering with network service firms is attractive due to lower entry risks and the specialized, focused market knowledge vendors can bring to a relationship.

These recommendations are summarized in Exhibit VI-6.

3. NETWORK SERVICE VENDOR RECOMMENDATIONS

Although one major EDI service vendor (McDonnell Douglas) has replaced its software marketing effort with a certification program, others are offering their own software.

While increasing network traffic is the primary objective of these vendors, users require a full solution encompassing software and professional services. If an EDI service provider does not wish to invest in